

City of Springfield
Work Session Meeting

MINUTES OF THE WORK SESSION MEETING OF
THE SPRINGFIELD CITY COUNCIL HELD
MONDAY, JUNE 26, 2006

The City of Springfield Council met in a work session in the Jesse Maine Meeting Room, 225 Fifth Street, Springfield, Oregon, on Monday, June 26, 2006 at 5:33 p.m., with Council President Woodrow presiding.

ATTENDANCE

Present were Councilors Woodrow, Fitch, Ballew, Lundberg, and Pishioneri. Also present were City Manager Gino Grimaldi, Assistant City Manager Cynthia Pappas, City Attorney Joe Leahy, City Recorder Amy Sowa and members of the staff.

Mayor Leiken and Councilor Ralston were absent (excused).

1. City Attorney Office Evaluation.

Human Resources Director Bill Spiry presented the staff report on this item. The firm of Leahy & Kieran received high marks recently during the annual review of its performance of the city attorney duties which are summarized on Attachment 1. Twenty evaluations were distributed; of those, 12 were returned indicating ratings of excellent and good. This annual evaluation represents the first year of a three year contract which expires June 30, 2008.

Staff and the City Attorney's Office are currently in discussion regarding hours and rates for the fiscal year 2006/07. Following those discussions, staff will be presenting a request for Council ratification of the City Attorney's contract on July 17.

Mr. Spiry said staff appreciated the relationship with the City Attorney's office.

Councilor Woodrow thanked the City Attorney and staff for their professional service over the past year.

Mr. Leahy said the City Attorneys appreciated this contract. They considered this a job that they loved to do and they were pleased the ratings were good and excellent. He said he always had concerns about timing on certain issues. Sorting through the priorities sometimes meant that some didn't get their service as quickly as possible. There was a lot going on in Springfield. From the City Attorney's office perception calls from the City Manager's office and Council were returned immediately. He said there were some comments regarding providing nice advice or advice someone didn't want to hear. He said the job of the City Attorneys was to provide the best advice they could based on analysis of the law and experience. He noted several transitions in the City Attorney's office, including Christy Monson who was leaving their office.

Ms. Kieran announced she was reducing her workload to three or four days a week. She said she would be available for City work on a project basis as needed. She said it had been an amazing effort working for the City, with some very satisfying arbitration results. She said her new primary duties would not be for the City.

Mr. Leahy said Ms. Kieran would be available for similar projects that she had done so well in the past, such as major litigations and arbitrations.

Mr. Leahy said the retainer was a slight reduction reflecting last year's hours, but there was a large increase in the last month of the year which could be reflected next year. He said he was pleased with discussions with Mr. Grimaldi, Ms. Pappas, Mr. Spiry and Mr. Duey.

Councilor Ballew said Council was very pleased with the work they had done and they were all very dear to the Council.

Mr. Leahy said those with the firm loved the City.

Councilor Fitch said the firm did a lot for the City. She asked who would be the contacts with Ms. Kieran's transition. She asked what the next transaction would be. That would need to be addressed down the road. Land use issues would continue to be challenging.

Mr. Leahy said in the attachment for the retainer to the City Manager's Office, he had listed the attorney's telephone numbers and emails along with areas of responsibility for each staff member. He said he would send that list to the Councilors. His goal would be to hire someone else that would work in the area, depending on number of hours Ms. Kieran put in and other factors.

Councilor Lundberg said she had complete confidence in the firm and all of their work. She said they not only had great abilities, but they understood Springfield, the Council and the goals. She said she had always been pleased with everyone they had added. She referred to an ad in the paper from the City of Eugene asking for committees to write opposing and supporting arguments for their Voter's Pamphlet. She asked if that was legal.

Mr. Leahy said it was legal for City's to put out a Voter's Pamphlet and to provide neutral information. As long as there was a balance of supporting and opposing views. The City of Springfield provides a neutral document for distribution. For those that want to take a position, the City recommends they form a Political Action Committee (PAC).

Councilor Pishioneri said the City Attorney's firm had a lot of integrity. He appreciated the assistance he had received from the office and their respectful responsiveness. Ms. Kieran had done a great job on land use issues and Mr. Leahy was always respectful.

Councilor Ballew asked about the State voters' pamphlet and if people got information included in that publication merely by paying to have it included.

Mr. Leahy said that was correct.

Discussion was held regarding a City voters' pamphlet and costs involved.

Councilor Woodrow thanked Matt Cox for his service as well.

2. City Liability Insurance Renewal.

Human Resources Director Bill Spiry and Human Resources Manager Ardis Belknap presented the staff report on this item. The City contracts for liability, property and workers compensation coverage on an annual basis and seeks renewal bids in anticipation of the June 30 contract expirations. Currently the carrier for City liability insurance is Trident, Affiliated FM Insurance Company for property coverage, and SAIF for workers compensation. The City's insurance broker, JBL&K, has received acceptable renewal proposals for property and workers compensation coverage, but bids for liability coverage have not yet been secured. In May of this year, the City was notified by Trident that they would not renew coverage for the City's Law Enforcement Liability. While only part of the City's liability coverage, Law Enforcement Liability represents a significant area of overall risk. JBL&K has aggressively sought bids over the past three months for Law Enforcement Liability as a separate contract and for liability coverage including Law Enforcement Liability, with no success. Typically the City would have bids for liability coverage secured by this point in the renewal cycle.

Based on ongoing discussions between the City's insurance broker and the City County Insurance System (CCIS), we do anticipate that CCIS will submit a proposal for coverage to the City on or about June 22. In that event this proposal will be reviewed and staff will be prepared to make recommendation to Council during this briefing. However, there is some possibility that the City may not receive a satisfactory bid to provide coverage. In the event the City either does not receive a bid, or if the bids received do not sufficiently meet liability coverage needs of the City, staff would recommend that the City self-insure its liability risks to ensure that the City is sufficiently protected. Self-insurance would not be the preferred method for achieving this protection, but in the absence of a carrier providing insurance coverage it would be necessary. Preparation for this contingency is in progress, and it is estimated that the City would need to establish a reserve of between \$300,000 and \$500,000 based on the City's history of claims. In addition to this reserve for self-insurance, a third party administration and excess insurance would be necessary as well as supplementary support staffing for the additional administration involved.

Mr. Spiry introduced Ardis Belknap, Human Resources Manager, and Ron Cutter from JBL&K. He said a bid had come in from Trident that could be plausible in part, but was not the recommended option.

Mr. Cutter discussed the three scenarios that were considered: 1) maintain the coverage from Trident, taking the Police Liability portion to another insurance company; 2) change to City County Insurance Services (CCIS); or 3) become self-insured. He said he and City staff would recommend staying with the current carrier for property and crime insurance. He distributed a chart showing the Premium Summary. He explained the figures on the chart. He discussed the fee charged by JBL&K. He noted that the bid from Trident to cover everything would be substantially higher in cost and inferior than the other options. He discussed the benefits of the CCIS coverage.

Mr. Spiry discussed the deductible amount and said there was probably only one year the City had exceeded \$100,000.

Mr. Cutter said that should be factored in to be conservative. He discussed the self-insured option under Clarendon and the high costs that could mean for the City. He said there would be less risk to the City if they went with CCIS. He discussed other costs that would be involved with self-insurance. He said if that was the only option, it could be done, but it would be risky.

Self-insurance could be a good thing in the future, but he would recommend working up to it rather than being forced into it. The recommendation was to go with CCIS.

Councilor Lundberg referred to page 6 in the handout and asked about Risk Management training events. She asked how often those trainings would be and what they would involve.

Mr. Cutter said CCIS offered \$15,000 for risk management training as a conditional incentive. He explained different training opportunities such as driver simulators and other training for police officers. The City can use the \$15,000 as they choose for risk management training. CCIS would be requiring the City to participate in Law Enforcement training events, plus other regional risk management training events. He said there would not be a significant amount of time involved, perhaps six to eight hours of training per quarter including travel time. CCIS was looking for a commitment to have the partnership. He said he had told CCIS that the City of Springfield was motivated to be involved in the trainings and take advantage of the risk management opportunities. He said he appreciated the conditions CCIS offered and he viewed them as an opportunity to improve the City's risk management program.

Councilor Lundberg asked why Springfield wasn't originally going to be offered this option.

Mr. Cutter said it was due to the number of losses Springfield had experienced. CCIS saw the loss history and wanted to make sure the City got their losses under control.

Mr. Grimaldi noted the impact a significant event in the Police Department had on our insurance last year.

Ms. Belknap said staff just received the bids on Thursday.

Mr. Cutter said if he knew CCIS would give a reasonable option, staff may not have gotten quotes from some of the other companies.

Councilor Fitch said Mr. Cutter and JBL&K were a top ranked firm. She said they had gone a long way to make sure this could happen. She asked why the City was keeping some coverage through Trident.

Mr. Cutter said that was only an option. Staff was recommending that all coverage would be moved to CCIS.

Councilor Fitch asked about any change in property deductible.

Mr. Cutter said it was the same program, and the premium actually went down. They received no bid from CCIS on property. He said if all property coverage was moved to CCIS, the City would lose the blanket coverage. He explained.

Councilor Fitch asked how the risk management training would be monitored.

Ms. Belknap said a Risk Management Committee was recently formed and approved by the Executive Session. That committee would be put into place in the next month and they would monitor this training and make recommendations. The committee would consist of the City Manager's Office, the Chief of Police, the Fire Chief, Public Works Director, Human Resources

Director and a non-voting member from each of the four Safety Committees. The committee could help make recommendations and assist the departments with the time issues and how to spend the training dollars. Staff created a claims tracking system which would give the Risk Management Committee full information regarding the claims, the department it was from, the root cause and other information.

Councilor Ballew asked about the auto insurance. She said it seemed high from CCIS.

Mr. Cutter suggested looking at the total figures rather than the line items. He explained what was included in the CCIS figure for auto compared to the self-insured.

Councilor Ballew asked about the aggregate deductible.

Mr. Cutter explained.

Councilor Ballew asked about the number of hours that would be spent on the risk training.

Mr. Cutter said it would only be one representative attending the training and then sharing the information with the other staff during a staff meeting.

Ms. Belknap further explained. She said the \$15,000 was required to be spent on training.

Councilor Pishioneri said the CCIS proposal looked attractive. He appreciated that CCIS wanted the City to improve and was willing to provide a mechanism to do that. He clarified that the \$15,000 for training was supplementary to training provided by them as an organization. He asked how and if that would impact Chief Smith's budget.

Mr. Spiry said it was difficult to anticipate. He said there could be some recommendations from the training that would involve personnel time.

Councilor Lundberg asked if Council could be provided a report mid-year from the data source staff was compiling.

Mr. Spiry said staff could provide a variety of reports to meet that need.

Councilor Fitch reminded Council that Council sets the policies, but the staff were the professionals. She confirmed that no names or descriptions would be disclosed.

Councilor Lundberg said some of this could be policy issues and some would be budget issues.

Ms. Belknap said normally staff did not come to Council with the insurance renewal. They brought it this time because of the fear of having to become self-insured. She said a mid-year recap would be beneficial to make sure staff was on track. She said whatever training was done to affect the City's liability would also positively affect the City's Worker's Compensation. She explained. Overall it would be good for the City.

Councilor Ballew asked to have information on what steps were needed for the City to become self-insured during the mid-year report.

Staff said they would provide that information.

Mr. Cutter discussed the last page of the handout regarding Worker's Compensation and staying with State Accident and Insurance Fund (SAIF). He noted the three areas that were encompassed in Worker's Comp.

Councilor Fitch asked about reimbursement for non-disabling claims.

Ms. Belknap said they were pursuing those.

Councilor Ballew discussed criticism SAIF had received in the past.

Mr. Cutter said because SAIF was a quasi-governmental entity they were often targeted. He said Liberty and CCIS were both good options as well. Staff felt that loss control services and risk management services offered by SAIF were worth sticking with.

Councilor Ballew said CCIS seemed to be the best deal.

Discussion was held regarding this issue coming to Council for their decision on Tuesday, June 27.

Mr. Cutter said he could talk with Council about self-insurance at some point in the future. He said if Council had any questions, they could contact him through Ms. Belknap or Mr. Spiry.

ADJOURNMENT

The meeting was adjourned at approximately 6:25 pm.

Minutes Recorder – Amy Sowa

Sid Leiken
Mayor

Attest:

Amy Sowa
City Recorder